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Kazakhstan, Republic of

Grain and Feed

Kazakhstan Wheat Update

2007

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Report Highlights:

Estimates of Kazakhstan's MY2006/07 wheat exports have been raised to 7.5 MMT due to higher sales in the 4th quarter of the marketing year. Major importers have been Egypt, Yemen, India and Russia. The official forecast of MY2007/08 production was raised 1.0 MMT to 13.0 MMT, due to favorable weather and higher planted area. MY2007/08 wheat exports are now forecast at 6.0 MMT, higher than the previous forecast but lower than the estimate for MY2006/07.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Ankara [TU1]
[KZ]

Executive Summary

Kazakhstan's MY2006/07 wheat exports are now estimated to have increased to 7.5 MMT due to higher than anticipated sales at the fourth quarter of the MY. Major importers in this period have been Egypt, Yemen, India and Russia. The official forecast for MY2007/08 wheat production was increased by 1.0 MMT to 13.0 MMT due to favorable weather and higher planted area in the major grain regions. MY2007/08 wheat exports are forecast at 6.0 MMT.

Production

The official forecast of Kazakhstan's MY2007/08 total wheat production has been increased to 13.0 MMT, higher than previous forecast but 500,000 MT less than the previous year's bumper crops. This optimistic forecast was made after the government obtained final data on planted areas and inspection of wheat fields. MY 2007/08 wheat planted area estimate was increased by 600,000 hectares to 12.4 million hectares. The Ministry of Agriculture (MOA) has conducted wheat field inspection in the major grain regions at the end of July. According to inspectors, about 64 percent of the total planted wheat fields are in good conditions, 33 percent have satisfactory conditions and only 3 percent of the fields were identified as in poor condition.

The harvest has started in the Southern regions of the country. The MOA reported that as of July 20 about 30 percent of total area had been harvested and average yields were 1.6 MT per hectare -- 0.4 MT/HA higher than last year. However, southern regions do not play significant role in the total wheat production. Usually, harvesting in the northern part of the country starts at the end of August, and much will depend on the weather during the harvest. Wet weather can result in higher losses and lower wheat quality. Another factor which can affect total wheat output is sharp increases of fuel prices in Kazakhstan. The price of diesel fuel has jumped from \$500 to \$580 per MT. Expensive fuel can lead to inadequate supplies during the harvesting and potentially bigger losses. The GOK is planning to ban export of diesel fuel temporarily to stabilize domestic prices.

Trade

According to preliminary data, MY2006/07 wheat exports have increased due to higher sales during the last three month of the marketing year. Estimated total exports increased to 7.5 MMT, including about 2.0 MMT of wheat flour in grain equivalent. Exports rose not only because of new importers of Kazakh wheat, such as Egypt, India, Yemen, but also because of higher exports to traditional importers such as Ukraine, Iran, Azerbaijan and Russia.

MY2007/08 wheat exports are now forecast at 6.0 MMT due to anticipated lower production and stocks. However, grain traders forecast higher demand from Russia and Ukraine due to anticipated lower production in these countries. The GOK is continuing to develop new markets for Kazakh wheat. The State Food Contract Corporation is planning to purchase about 2.0 MMT for commercial sales. Specialists assume that most of this grain will be exported to the Middle East and Northern Africa countries.

Stocks

MY2007/08 ending stocks are forecast at 1.7 MMT, 500,000 MT lower than last year due to higher exports and lower production. The Ministry of Agriculture has recommended that regional governments establish reserves of commodity wheat to avoid shortages of flour for bread production.

Policy

The GOK has allocated about 12 billion KZT (\$100 million) for input subsidies in 2007. Most of the subsidies were allocated for fuel, mineral fertilizers, herbicides and seeds. The State Food Contract Corporation is planning to increase the purchase price for wheat for the rotation state reserves (about 500,000 MT) and for commercial exports. New price will be determined at the beginning of harvest.